



Inflation Roundup

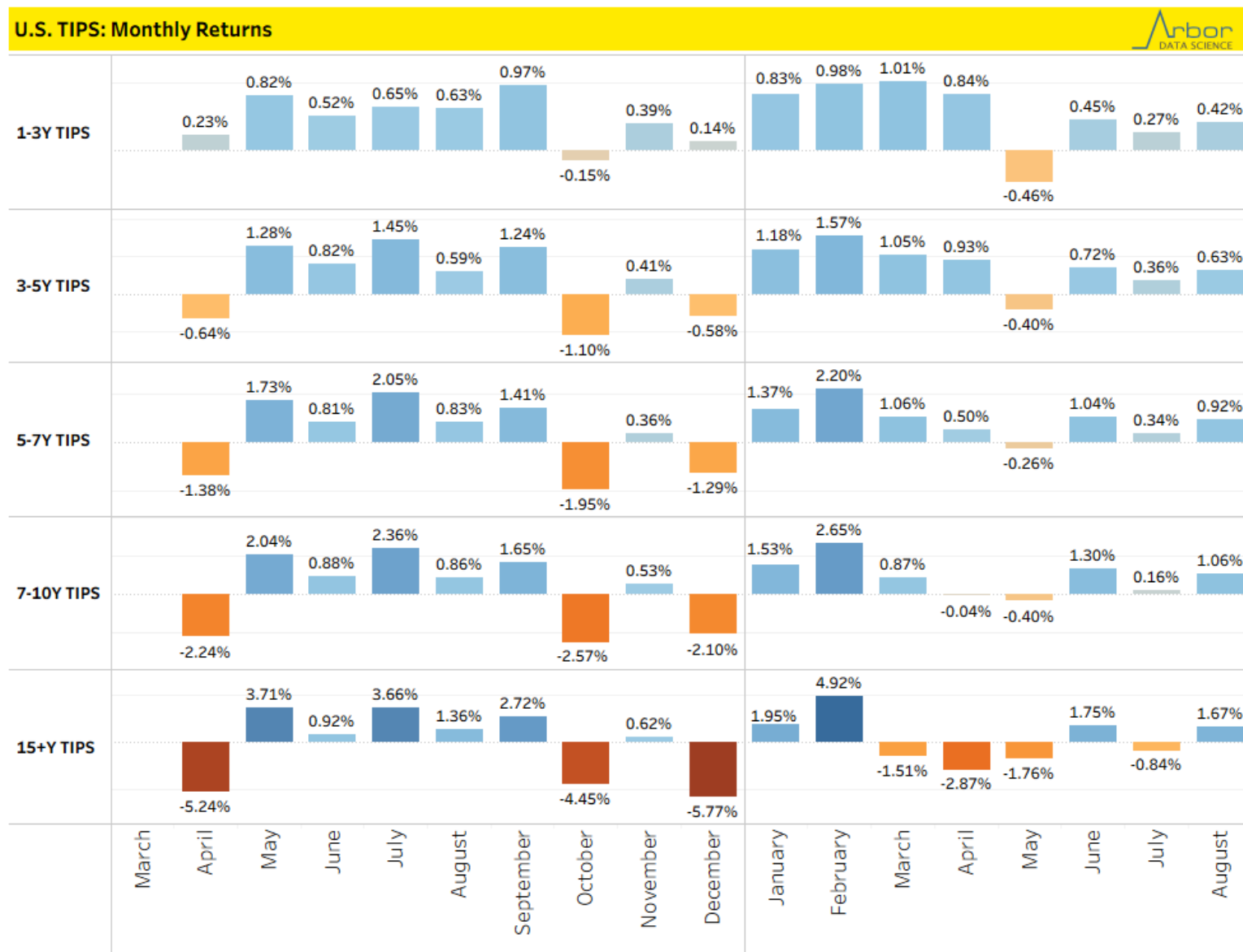
August 7, 2025

- Total Returns and Seasonality
- The State of Inflation
- Market-Based Expectations
- SPY Fund Flows
- Energy and Commodities
- Shelter Inflation

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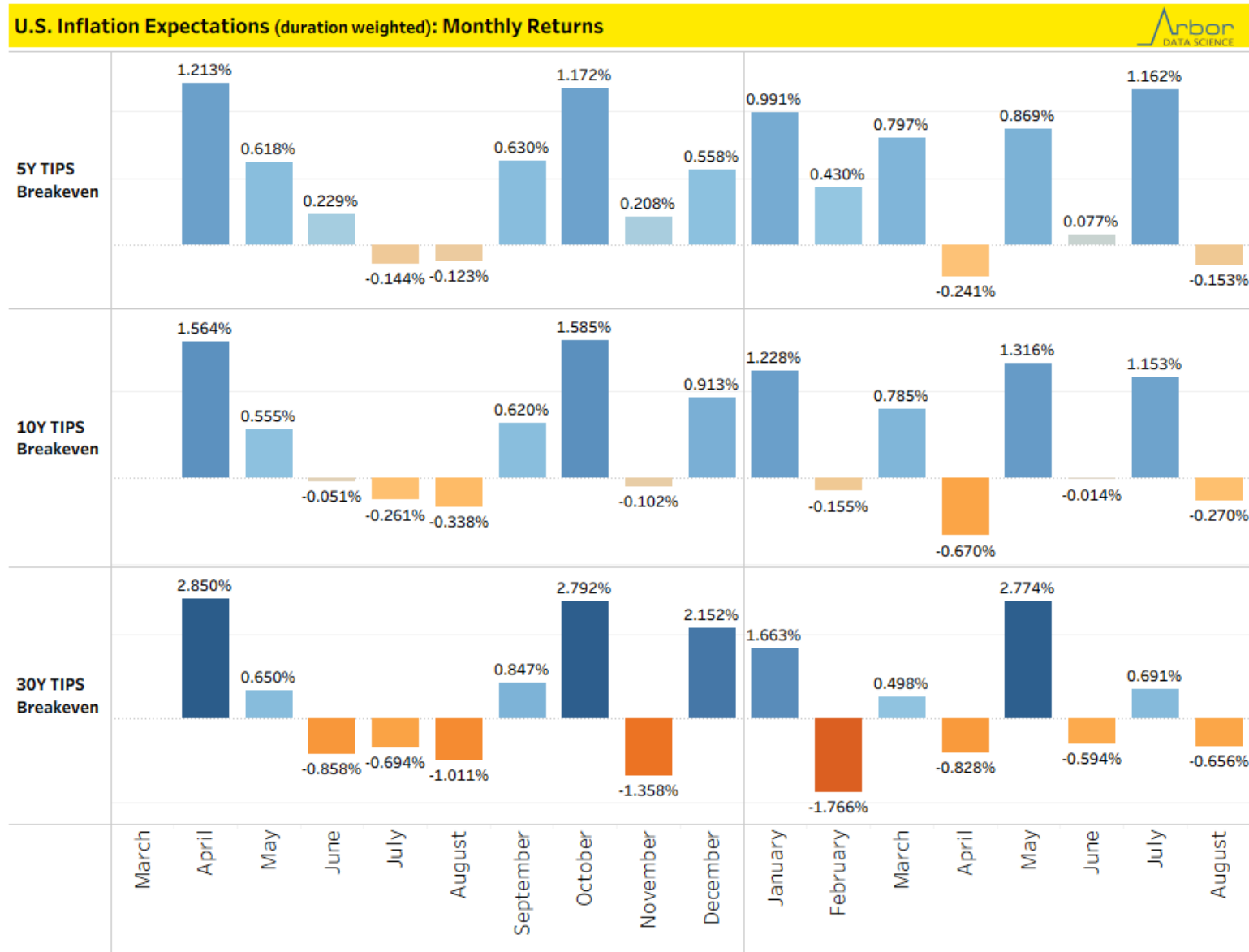
TIPS TOTAL RETURNS:



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TIPS BREAKEVENS TOTAL RETURNS:

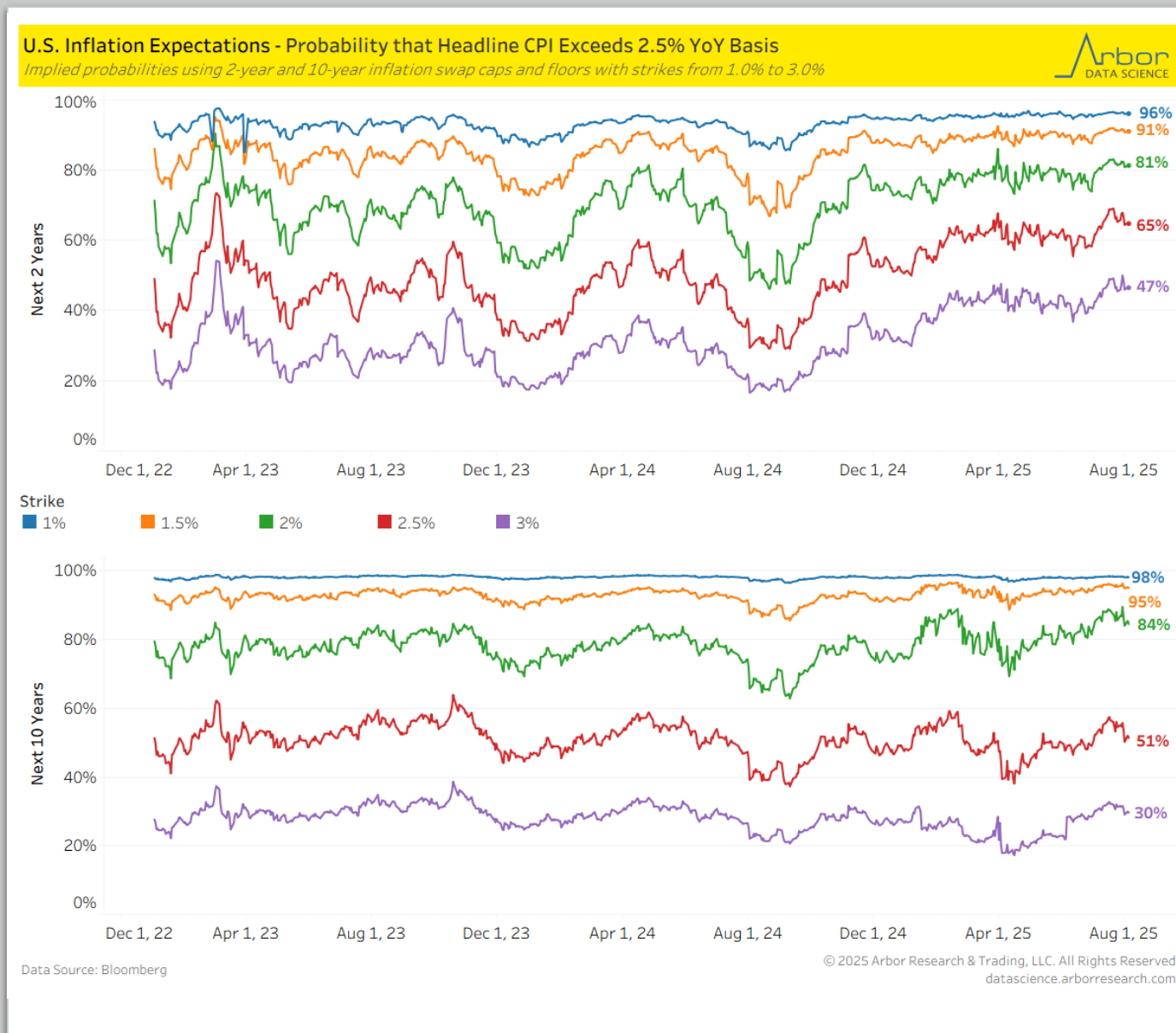


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U.S. Inflation Swap Caps and Floors

- Over the past week, inflation expectations for the next 2 years decreased, except for 1% which had no change.
- 10-year expectations decreased, except for 1% which had no change.
- The probability of 2.5% headline inflation for the next 2 years decreased to 65% from the previous week.
- The 10-year probability of 2.5% headline inflation decreased to 55% over the past week.

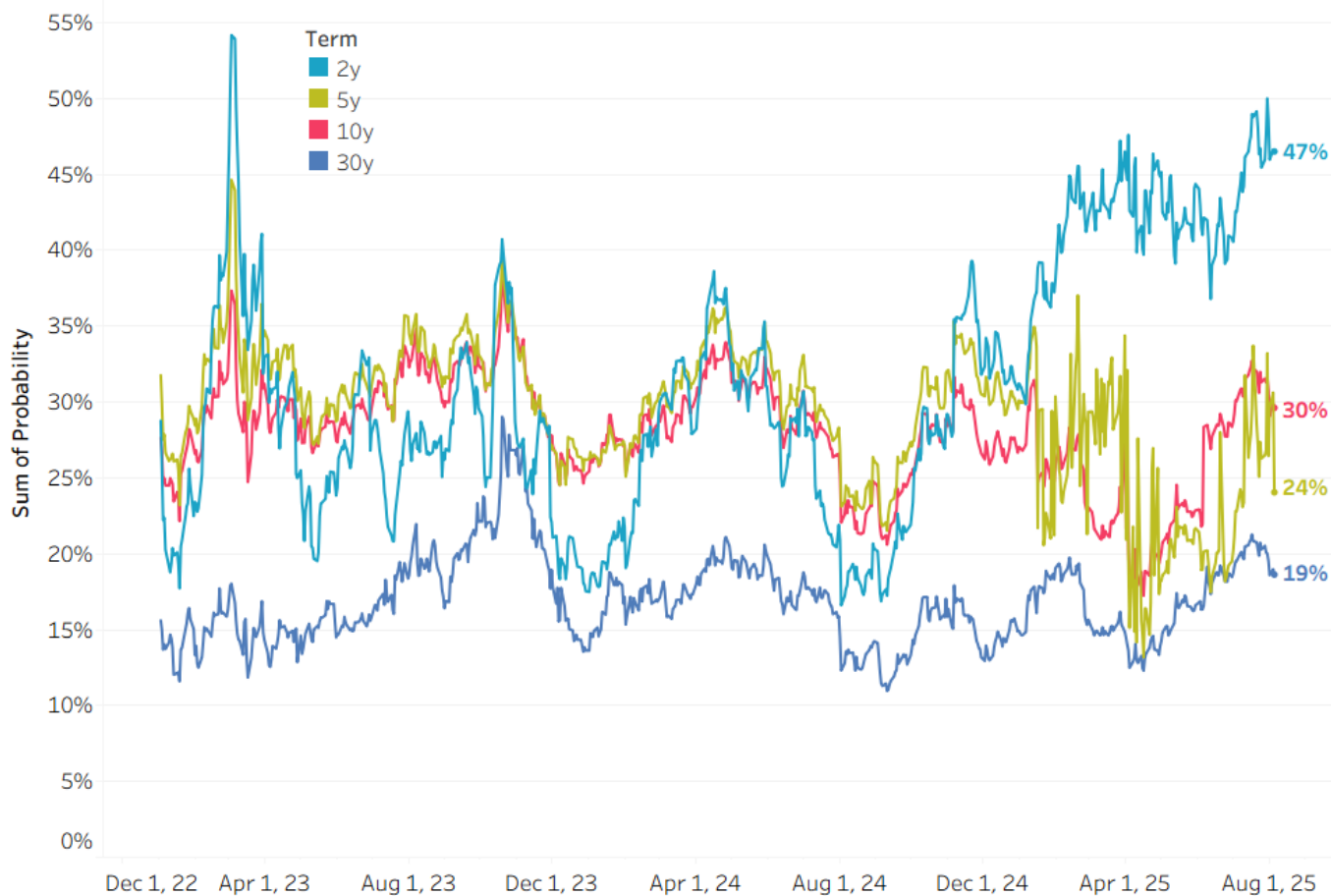


U.S. 3% Headline Expectations

- 3% inflation expectations all decreased over the past week.
- Based on swap cap/floor probabilities for the next 2 years, the market gives this outcome a 47% probability.

Headline CPI $\geq 3.0\%$ YoY

Implied probabilities using infl swap caps/floors w/ strike at 3.0% YoY for headline CPI

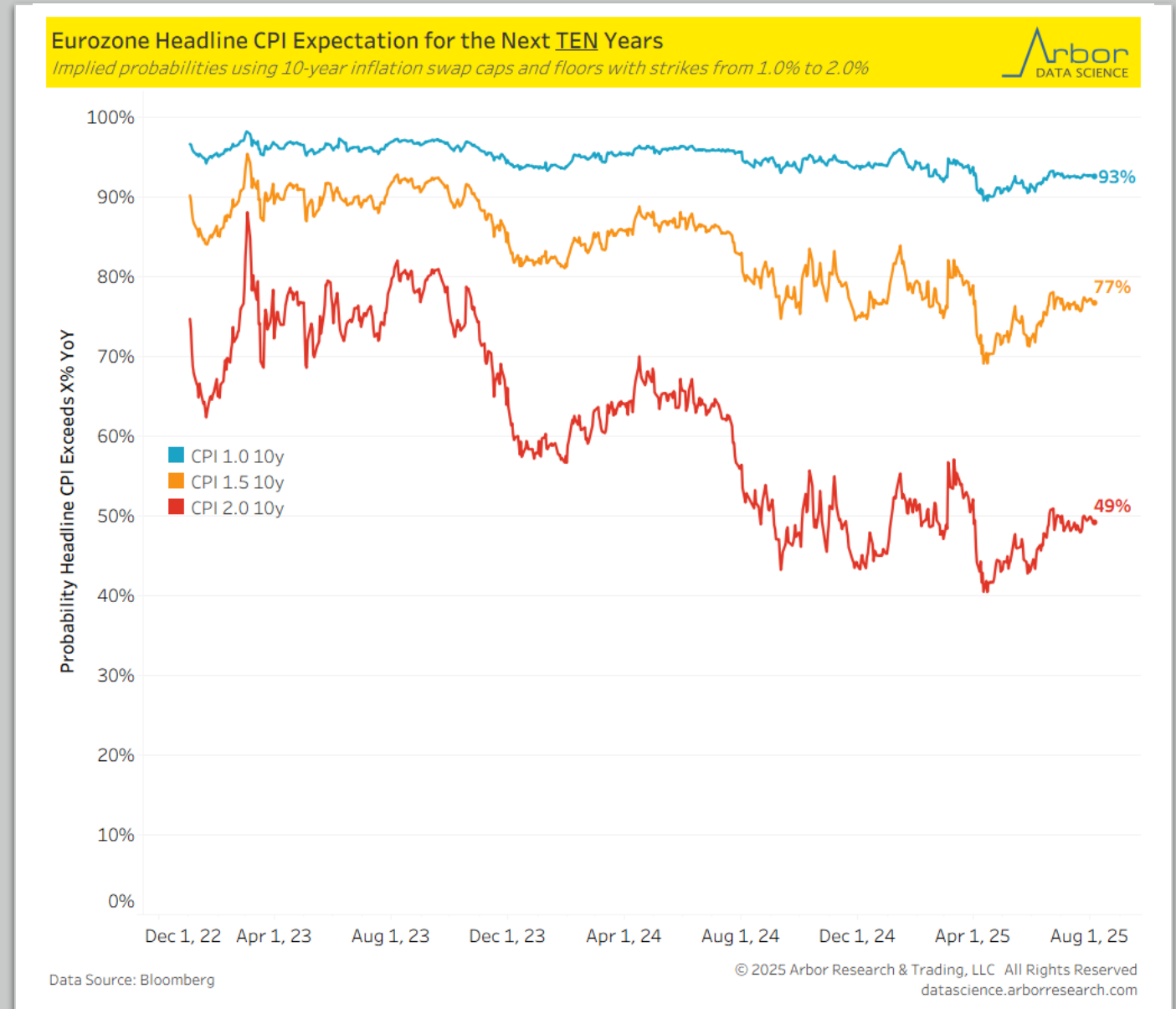


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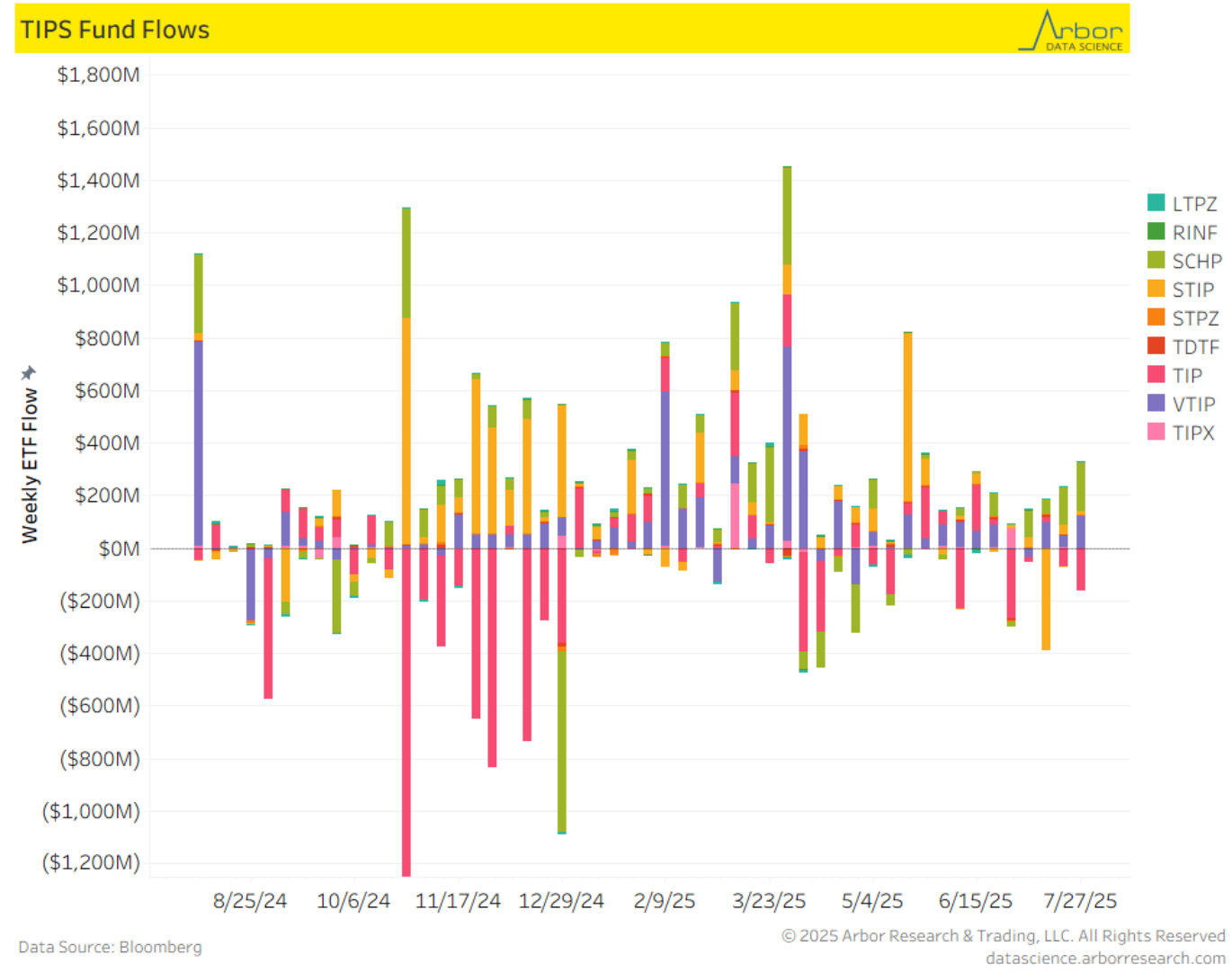
Eurozone Inflation Expectations

- 10-year Eurozone inflation expectations were constant from the prior week, except for 2% which decreased.
- The probability of 2% headline inflation decreased to 49%.

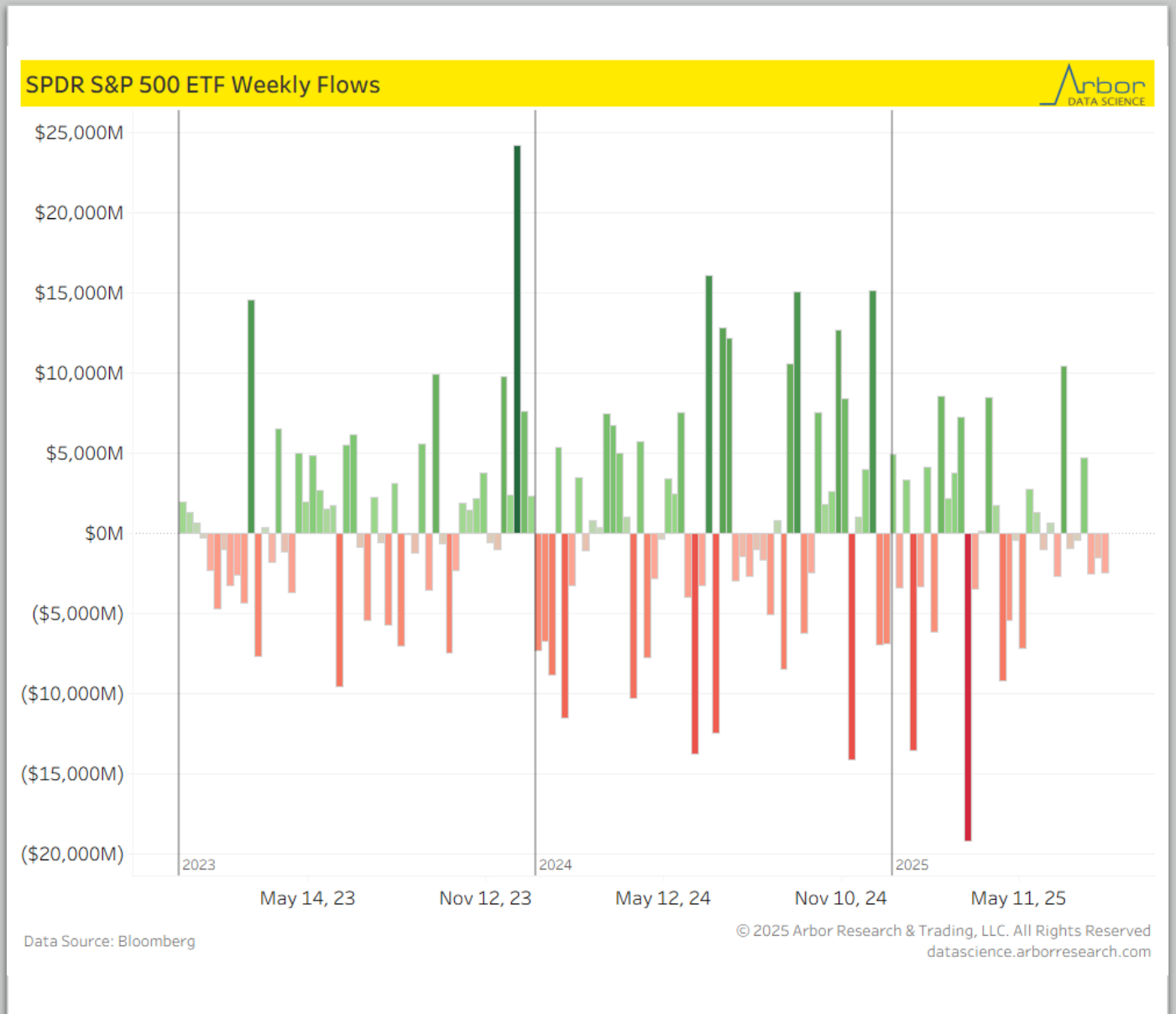


TIPS Fund Flows

- Flows of funds were mostly positive last week, with movement concentrated in 2 funds (rounded value)
 - Schwab U.S. TIPS ETF: \$186 million Inflows
 - Vanguard Short-Term TIPS ETF: \$121 million Inflows



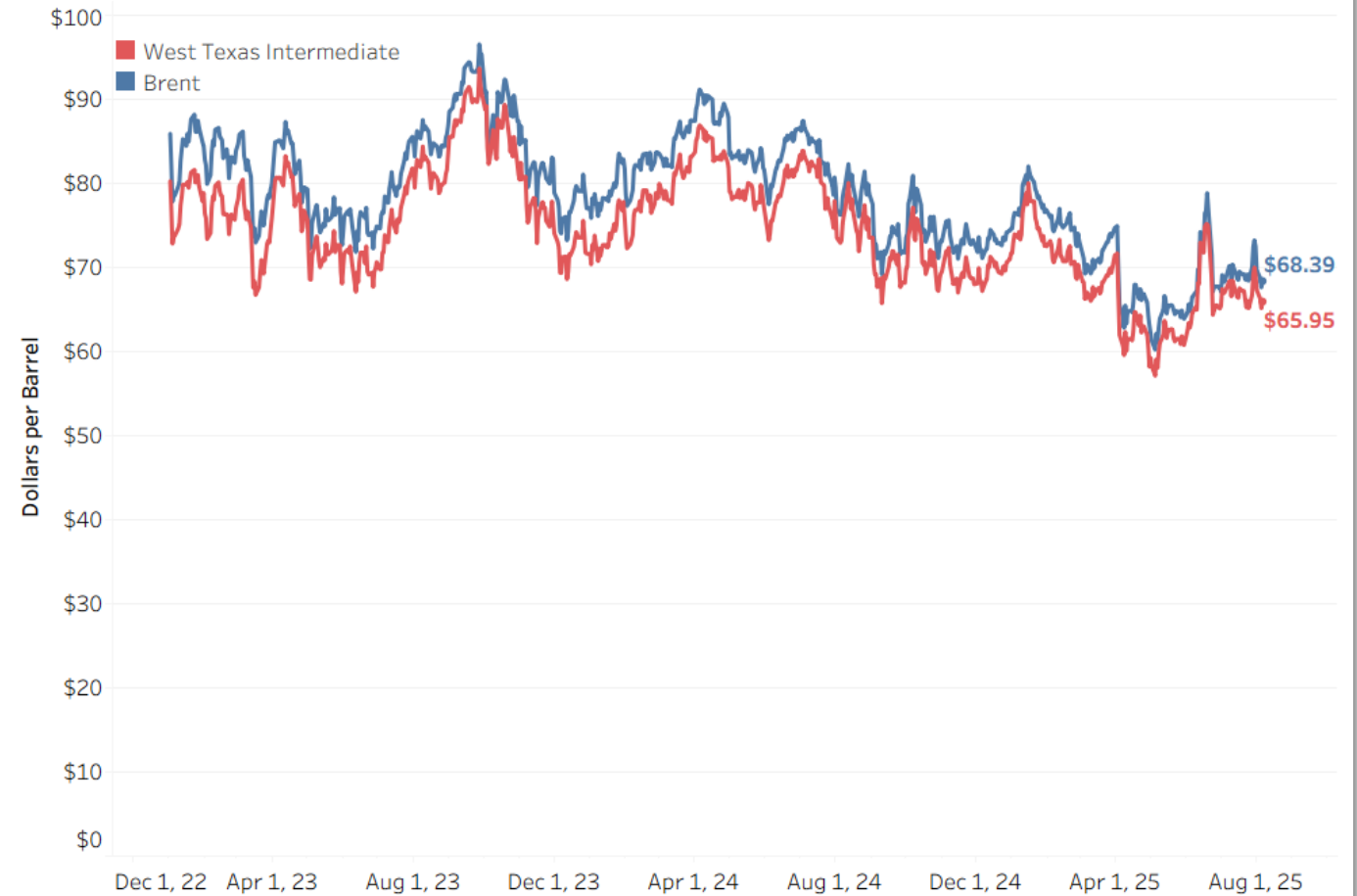
The SPY ETF had outflows of approximately \$2.50 billion last week.



**Brent Crude was down
\$4.30 from last week at
\$72.69**

Crude Oil

Generic WTI Crude Indices



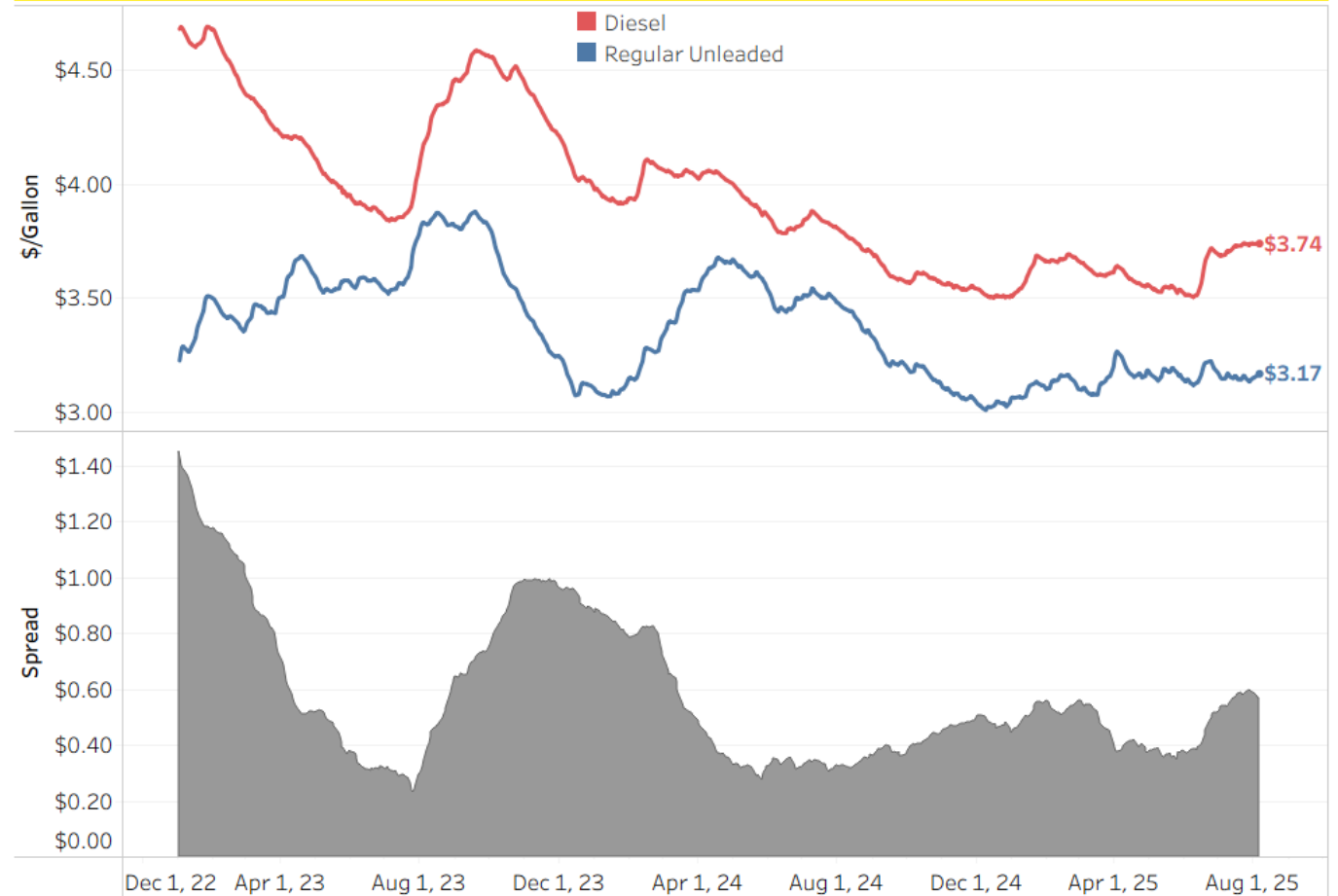
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Average Diesel/Gas
Spread decreased to
\$0.57

U.S. Gasoline Prices - Regular and Diesel

AAA Daily National Average Cost per Gallon



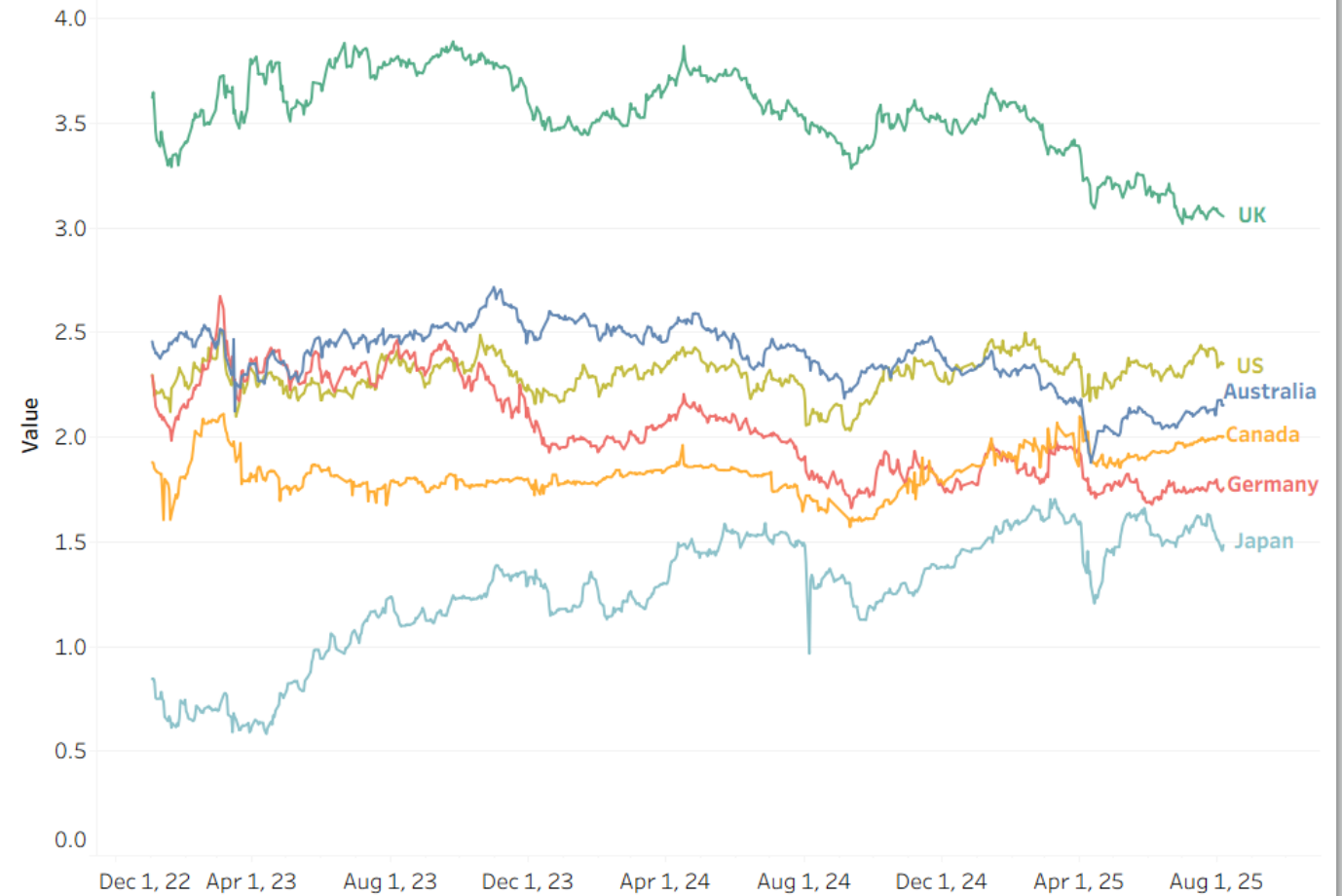
Data Source: American Automobile Association

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10-Year Global Breakevens

10-Year Inflation Expectations

Global Breakevens



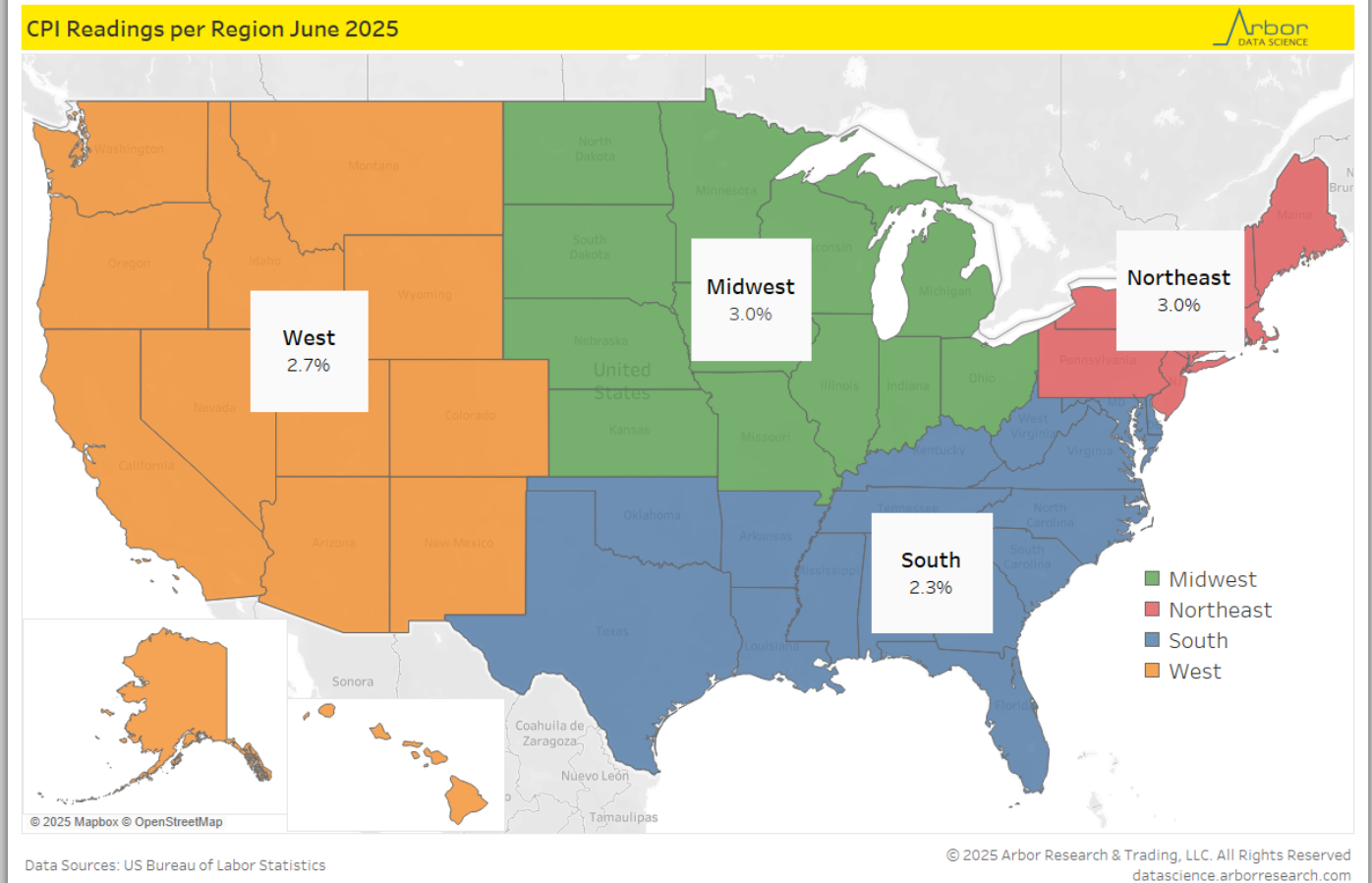
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CPI Readings per Region June 2025

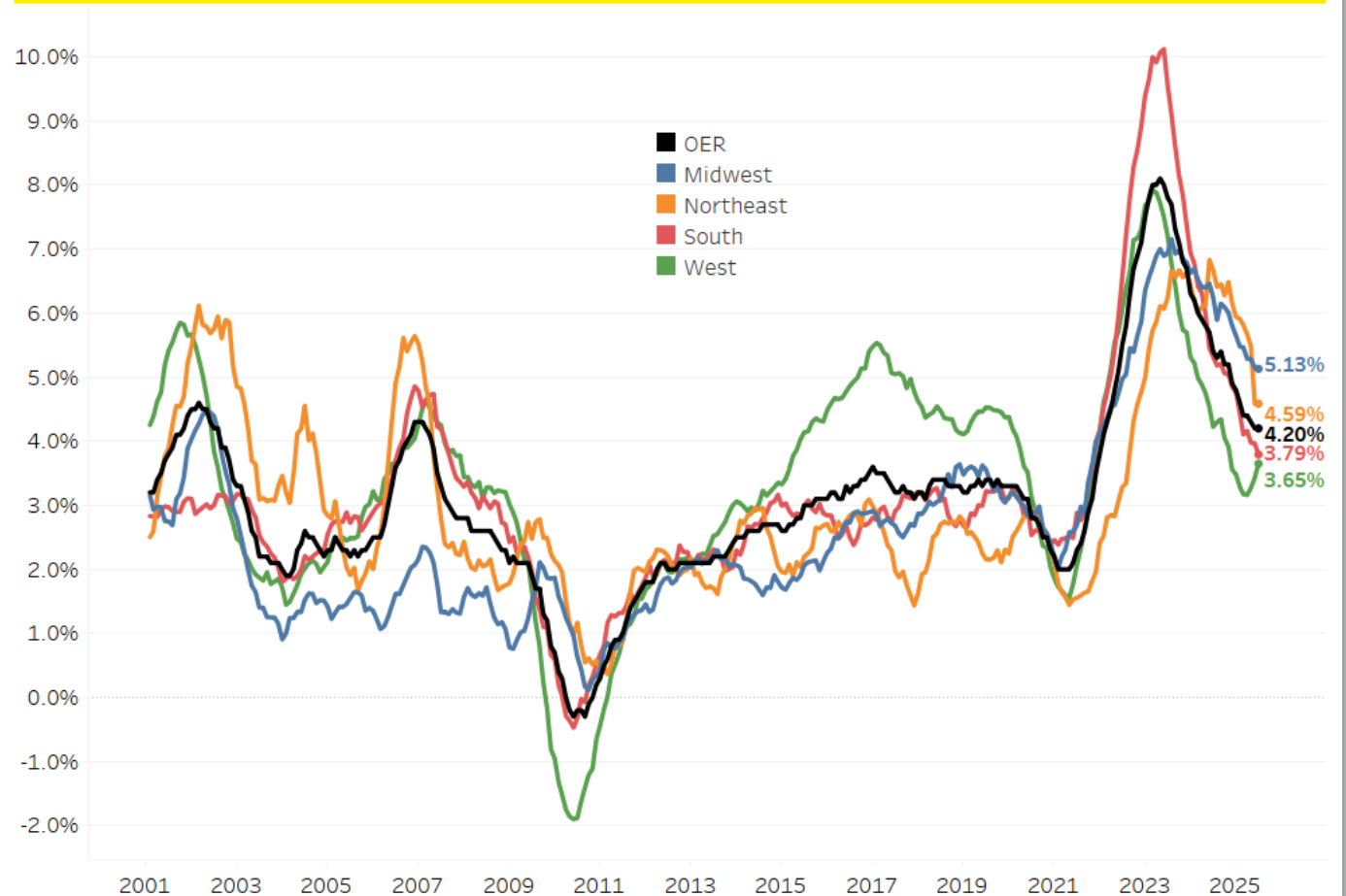
- The Northeast had the highest inflation reading for June 2025, at 3.0 % YoY, followed by the Midwest at 3.0 % YoY, the West at 2.7% YoY, and the South at 2.3% YoY.



Owners' Equivalent Rent of Residences

- Owners' Equivalent Rent of Residences (OER), the component of shelter representing homeowners, had its first decline in the year-over-year rate in May 2023.
- OER was flat at 4.20% year-over-year nationally in June 2025.

Owners' Equivalent Rent of Residences
Year-Over-Year % Change (January 2001 to June 2025)



Data Source: US Bureau of Labor Statistics

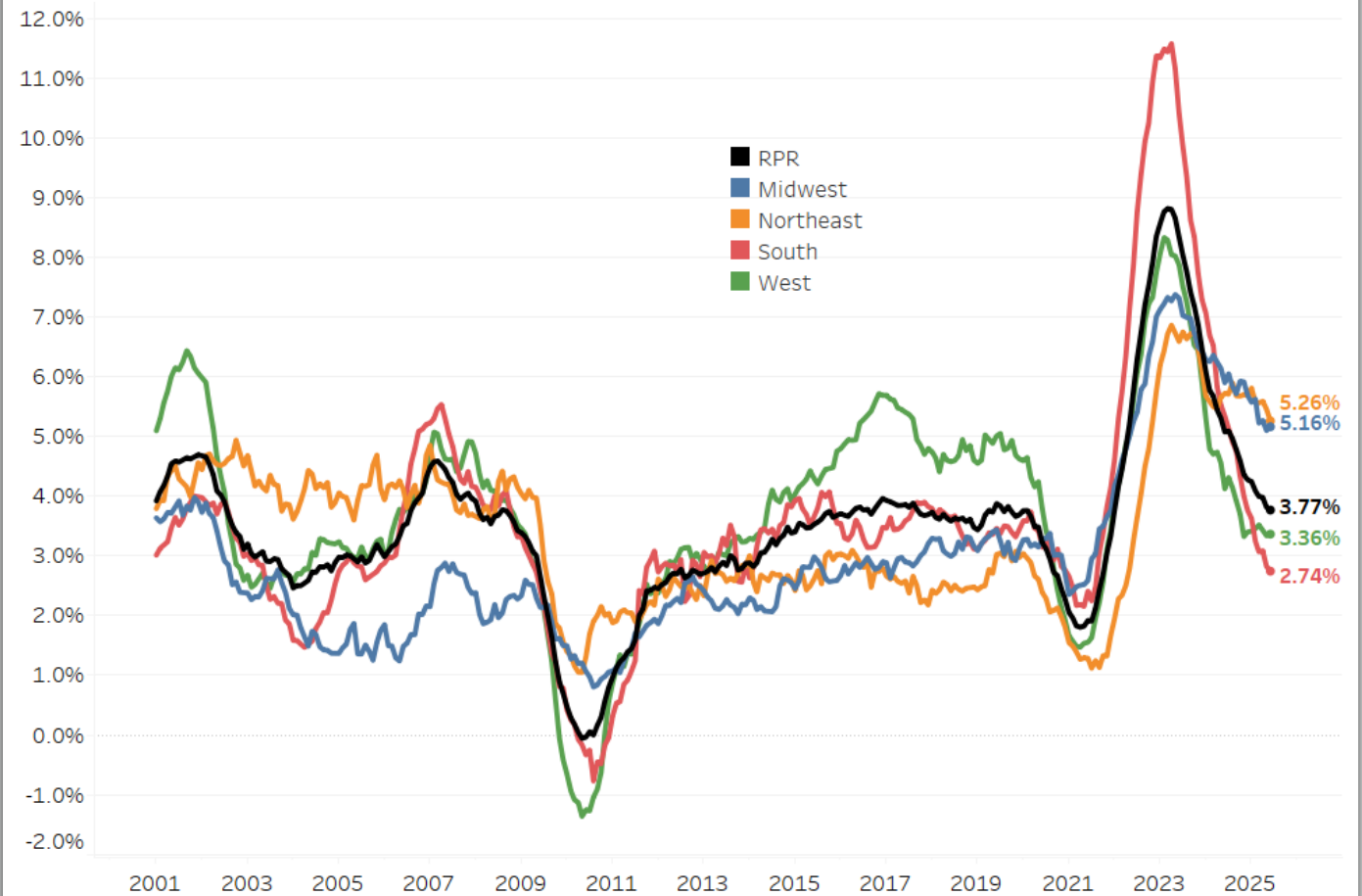
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Rent of Primary Residence

- Rent of Primary Residence (RPR), the renters' side of shelter inflation, continued to decline to 3.77% year-over-year.

CPI Rent of Primary Residence

Year-Over-Year % Change (January 2001 to June 2025)



Data Source: US Bureau of Labor Statistics

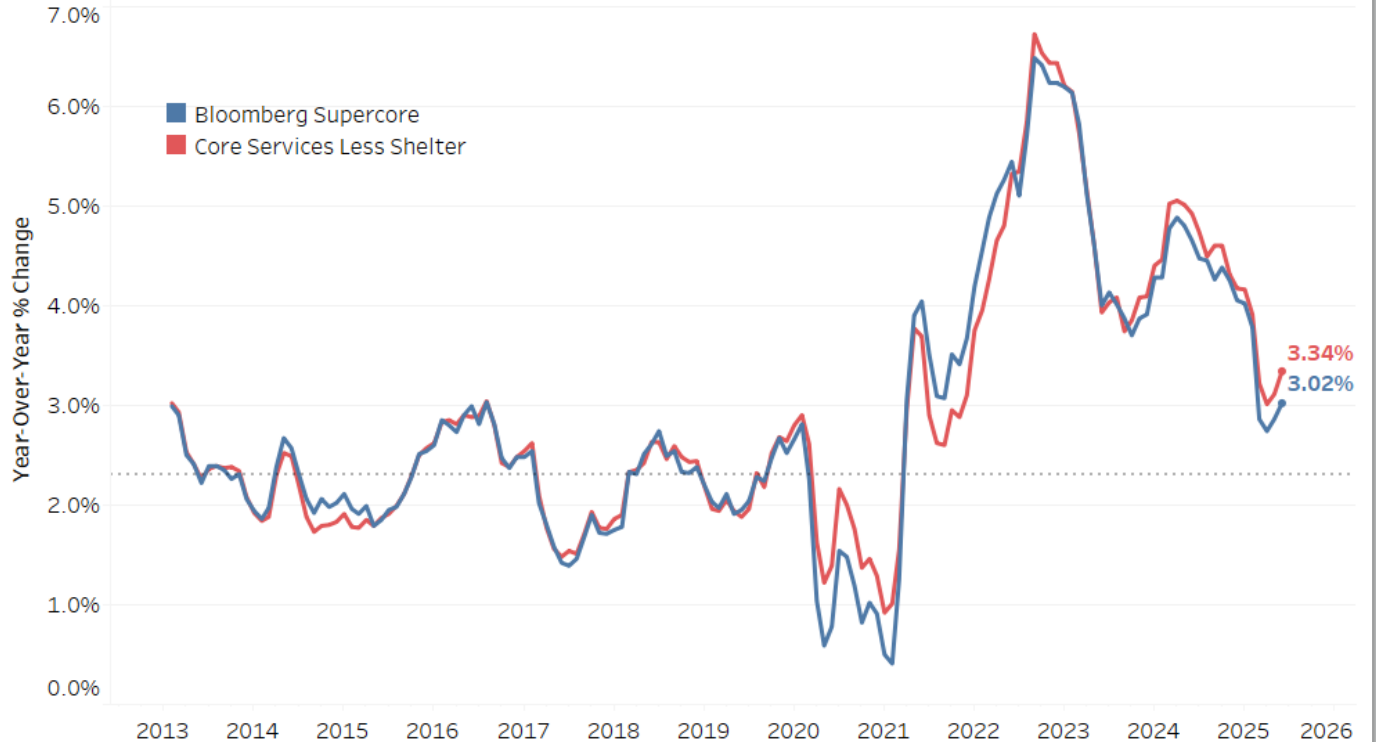
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Services Ex-Shelter and Supercore Inflation

- The Federal Reserve allegedly keeps an eye on specific CPI indexes, including core services less shelter, which Jerome Powell has referred to during press appearances.
- Bloomberg also calculates what it calls "Supercore" inflation, a similar metric made up of Ex-Energy Services with Owners' Equivalent Rent of Residences and Rent of Primary Residences (both components of shelter) removed.

Beyond Core Inflation

US YoY Supercore CPI and Core Services Less Housing (Dotted Line = Feb. 2013-Feb. 2020 Average)
From February 2013 to June 2025

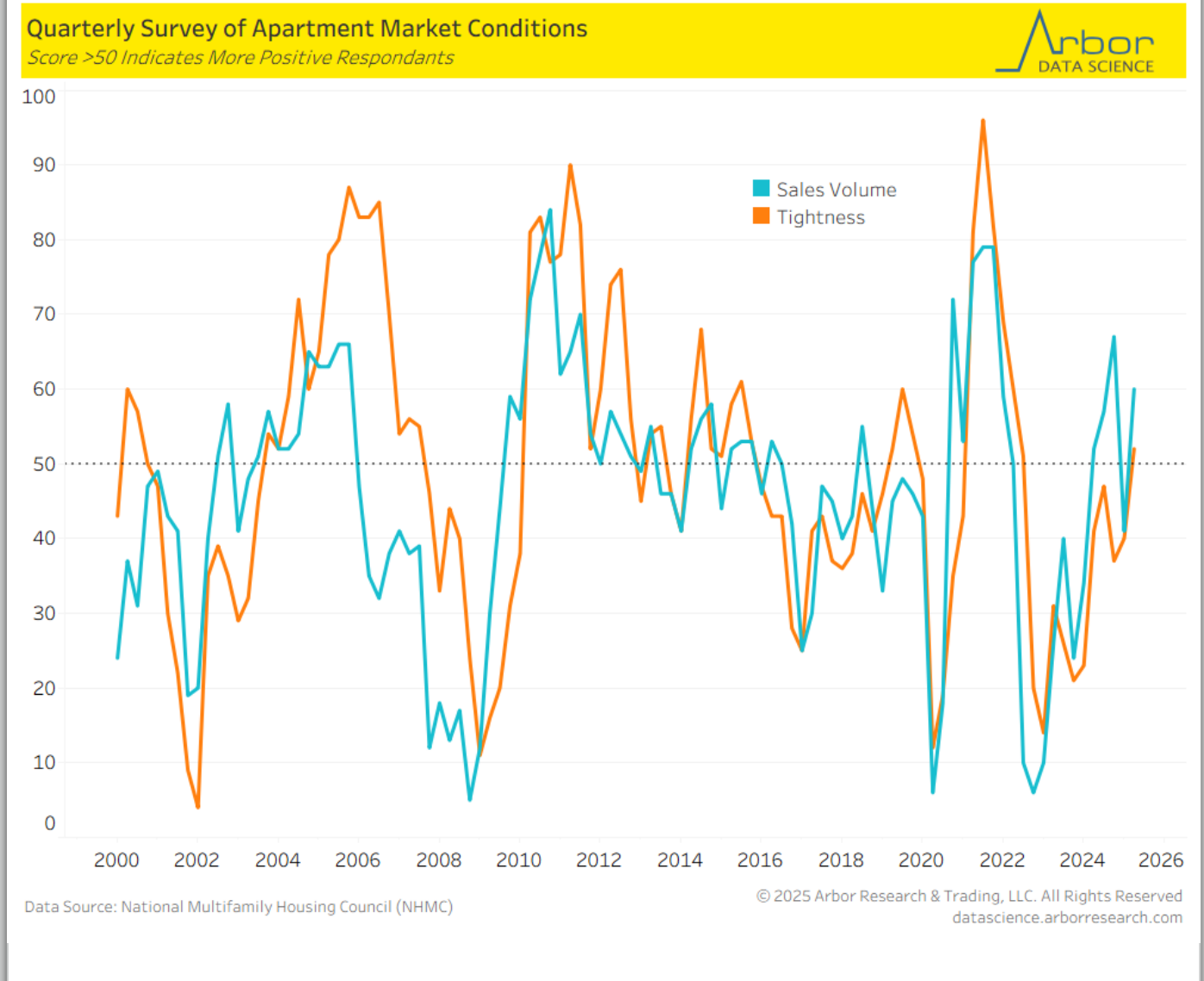


Data Sources: Bloomberg, US Bureau of Labor Statistics

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Renters' Market Conditions

- [Q2 2025's Survey of Apartment Market Conditions](#) conducted by the National Multifamily Housing Council (NMHC) showed more respondents describing conditions as tight in comparison to Q1 2025. The same survey reported an increase in apartment sales volume.



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